

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 15742
[REDACTED],	)	
	)	DECISION
Petitioner.	)	
_____	)	

On May 15, 2001, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing income tax, penalty, and interest for the taxable years 1993 through 1998 in the total amount of \$13,612.

On July 16, 2001, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer did not request a hearing but rather chose to submit additional information for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) obtained information that showed the taxpayer earned wages in Idaho and was a shareholder of an S-corporation that transacted 100% of its business in Idaho. The Bureau contacted the taxpayer and asked him about his filing requirement with Idaho. The taxpayer responded stating that he traveled a lot and that a Tax Commission employee told him he was not required to file Idaho income tax returns. The Bureau decided to send the taxpayer a domicile questionnaire, which the taxpayer filled out and returned. From the information the taxpayer provided in the questionnaire, the Bureau determined the taxpayer was domiciled in Idaho and was required to file Idaho income tax returns.

The Bureau prepared returns for the taxpayer based upon the taxpayer's filings with the Internal Revenue Service. The Bureau sent the taxpayer a Notice of Deficiency Determination,

which the taxpayer protested. The taxpayer stated he was not domiciled in Idaho. He said he did not fit the descriptions in Idaho Code section 63-3013, Idaho's code section defining a resident. The taxpayer provided nonresident Idaho income tax returns for 1994 through 1998 for the Tax Commission to consider.

The Tax Commission sent the taxpayer a letter setting forth two options for having the Notice of Deficiency Determination redetermined. The Tax Commission asked the taxpayer to provide information that would show or establish where he was domiciled. The taxpayer responded with additional information and the statement that he was domiciled in the state of Washington.

The Tax Commission reviewed the information the taxpayer provided and found it provided a much clearer picture of the taxpayer's situation. The Tax Commission found, with the additional information, the taxpayer's domicile did change from Idaho to Washington sometime prior to 1993. Therefore, the Tax Commission decided to accept the returns the taxpayer submitted for the taxable years 1994 through 1998, subject to the normal review process of the Tax Commission.

For the taxable year 1993, the Tax Commission found that the information available does not support the position that the taxpayer was required to file an Idaho income tax return. Therefore, the Tax Commission cancels the Notice of Deficiency Determination as it pertains to tax year 1993.

In its Notice of Deficiency Determination, the Bureau added interest and penalty to the taxpayer's tax deficiency. The Tax Commission reviewed those additions and found they should also be added to the returns the taxpayer submitted for 1994 through 1998 in accordance with

Idaho Code sections 63-3045 and 63-3046. Therefore, the Tax Commission added interest and penalty to the taxpayer's returns.

WHEREFORE, the Notice of Deficiency Determination dated May 15, 2001, is hereby MODIFIED, in accordance with the provisions of this decision and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax, penalty and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1993	\$ 0	\$ 0	\$0	\$ 0
1994	10	10	4	24
1995	10	10	4	24
1996	10	10	3	23
1997	19	10	2	31
1998	( 102)	0	0	( 102)
			TOTAL DUE	<u>\$ 0</u>

An explanation of the taxpayer's right to appeal this decision is enclosed with this decision.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2002.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

### **CERTIFICATE OF SERVICE**

I hereby certify that I have on this \_\_\_\_\_ day of \_\_\_\_\_, 2002, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:  
[Redacted] Receipt No. [Redacted]

[REDACTED][Redacted] [Redacted]

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ADMINISTRATIVE ASSISTANT 1